

News Release

Details on how the business of the Sector is managed and its related performance are set out below. This information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not required by law or regulation.

Aerospace

“Higher Revenue”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2016			
	2016 1Q	2015 1Q	Growth %
Revenue (\$m)	624	491	27
Earnings before interest and tax (EBIT) (\$m)	59.7	55.4	8
Other income, net (\$m)	6.1	6.3	(3)
Finance income/(costs), net (\$m)	(2.1)	2.3	(192)
Profit before tax (PBT) (\$m)	75.2	71.4	5
Profit attributable to shareholders (\$m)	58.0	57.3	1

N.B.: All currencies are in Singapore dollars.

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Aerospace sector unaudited results for the first quarter ended 31 March 2016:

	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
1. (a) Revenue	623,803	490,849	27.1
(b) Cost of sales	(524,280)	(402,445)	30.3
(c) Gross Profit	99,523	88,404	12.6
(d) Distribution and selling expenses	(3,619)	650	>-500
(e) Administrative expenses	(29,566)	(28,978)	2.0
(f) Other operating expenses	(6,617)	(4,648)	42.4
(g) Profit from operations	59,721	55,428	7.7
(h) Other income	6,744	6,302	7.0
(i) Other expenses	(622)	-	NM
(j) Other income/(expenses), net	6,122	6,302	(2.9)
(k) Finance income	2,587	9,745	(73.5)
(l) Finance costs	(4,730)	(7,402)	(36.1)
(m) Finance (costs)/income, net	(2,143)	2,343	(191.5)
(n) Share of results of associates and joint ventures, net of tax	11,470	7,411	54.8
(o) Profit before taxation	75,170	71,484	5.2
(p) Taxation	(14,087)	(11,997)	17.4
(q) Profit for the period	61,083	59,487	2.7
Attributable to:			
(r) Shareholders of the Company	57,952	57,270	1.2
(s) Non-controlling interests	3,131	2,217	41.2
	61,083	59,487	2.7
* NM - Not Meaningful			
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	26,614	16,214	64.1
Write-back of allowance for doubtful debts & bad debts written off, net	(1,758)	(2,367)	(25.7)
Allowance for inventory obsolescence, net	7,715	5,783	33.4
(b) Finance income/(costs), net comprises			
Interest income	1,137	835	36.2
Foreign exchange (loss)/gain, net	(647)	6,650	(109.7)
Fair value changes of financial instruments/hedged items	152	(2,518)	(106.0)
Interest expenses	(2,786)	(2,625)	6.1
Others	1	1	0.0
	(2,143)	2,343	(191.5)

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	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	9.8%	12.1%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	7.0%	7.9%	
4. (a) Revenue reported for first quarter	623,803	490,849	27.1
(b) Profit for the period reported for first quarter	61,083	59,487	2.7
5. (a) There was an adjustment of \$505,000 underprovision and \$974,000 overprovision of current and deferred tax respectively in respect of prior years. (1Q2015: There was an adjustment of \$568,000 for overprovision of current tax in respect of prior years).			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	1Q2016 \$'000	1Q2015 \$'000		1Q2016 \$'000	1Q2015 \$'000	
<u>By Business Group</u>						
Aircraft Maintenance & Modification	278,009	242,482	14.7	44,747	40,861	9.5
Component/Engine Repair & Overhaul	165,988	150,194	10.5	13,236	13,432	(1.5)
Engineering & Material Services	179,806	98,173	83.2	17,187	17,191	(0.0)
Total	<u>623,803</u>	<u>490,849</u>	27.1	<u>75,170</u>	<u>71,484</u>	5.2
<u>By Geographical Areas</u>						
Asia	305,238	264,691	15.3			
USA	163,936	142,322	15.2			
Europe	106,470	38,597	175.9			
Others	48,159	45,239	6.5			
Total	<u>623,803</u>	<u>490,849</u>	27.1			
<u>By Country of Incorporation</u>						
Asia	380,453	366,975	3.7			
USA	126,827	108,878	16.5			
Europe	116,080	14,556	>500			
Others	443	440	0.7			
Total	<u>623,803</u>	<u>490,849</u>	27.1			

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7. Review of Performance

(a) Revenue

1Q2016 vs 1Q2015

1Q2016	1Q2015	Growth	
\$624m	\$491m	\$133m	27%

1Q2016 revenue compared to 1Q2015 increased by 27% or \$133 million to \$624 million contributed by all the three business groups. Included in the **Engineering & Material Services (EMS)** business group was sales from Elbe Flugzeugwerke GmbH (EFW) which became a subsidiary effective January 2016.

(b) Profitability

1Q2016 vs 1Q2015

1Q2016	1Q2015	Growth	
\$75.2m	\$71.4m	\$3.8m	5%

The current quarter's PBT of \$75.2 million was higher than 1Q2015 PBT of \$71.4 million by \$3.8 million. This was a result of higher gross profit in line with higher revenue and higher contributions from associates, reduced partially by higher operating expenses and unfavourable foreign exchange impact. The biennial airshow expenses and higher amortisation charges accounted for the higher operating expenses.

8. Prospects

1H2016

Barring unforeseen circumstances, 1H2016 revenue is expected to be higher compared to 1H2015, whilst profit before tax is expected to be comparable.

9. Balance Sheet

	31-Mar-16 \$'000	31-Dec-15 \$'000
Property, plant and equipment	903,577	820,145
Associates and joint ventures	185,633	311,473
Investments	12	12
Intangible assets	400,323	141,239
Long-term receivables, non-current	2,372	64
Deferred tax assets	31,519	11,840
Derivative financial instruments, non-current	-	136
Non-current assets	1,523,436	1,284,909
Current assets	1,581,549	1,355,186
Total assets	3,104,985	2,640,095
Current liabilities	1,374,594	1,262,967
Non-current liabilities	751,512	611,257
Total liabilities	2,126,106	1,874,224
Share capital and reserves	741,109	686,310
Non-controlling interests	237,770	79,561
Total equity and liabilities	3,104,985	2,640,095
Net current assets	206,955	92,219

On 1 January 2016, the Sector acquired an additional 20% equity interest, increasing its shareholdings from 35% to 55% in EFW. This resulted in an increase in the Sector's net assets due to the consolidation of EFW's identifiable net assets stated at fair value.

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10. Statement of Cash Flows for the first quarter ended 31 March 2016

	1Q2016 \$'000	1Q2015 \$'000
Net cash from operating activities	68,031	107,583
Net cash used in investing activities	(39,260)	(21,332)
Proceeds from sale of property, plant and equipment	283	1,094
Dividends from associates	7,854	7,080
Dividends from investments	1	1
Purchase of property, plant and equipment	(45,971)	(29,507)
Development of intangible assets	(10,554)	-
Acquisition of controlling interests in subsidiaries, net of cash acquired	9,127	-
Net cash used in financing activities	(2,377)	(77,828)
Capital contribution from non-controlling interests	447	-
Repayment of loan to immediate holding company	(38,405)	(245,664)
Proceeds from inter-company loans, net	-	170,000
Proceeds from long term bank loans	15,375	-
Proceeds from short term bank loans	23,549	-
Repayment of short term bank loans	(217)	-
Repayment of lease obligations	(484)	(88)
Interest paid	(2,642)	(2,076)
Net increase in cash and cash equivalents	26,394	8,423
Cash and cash equivalents at beginning of the period	234,274	243,497
Exchange difference on cash and cash equivalents at beginning of the period	(3,587)	2,214
Cash and cash equivalents at end of the period	257,081	254,134

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